

## Flat Price

The Brent futures flat price for the prompt contract has seen an overall strong morning. Price action initially weakened to below the \$82/bbl mark at 08:35 GMT, inspiring some buying interest as the contract rallied to reach \$83/bbl at 10:05 GMT. Last night, the API announced a draw in US crude oil inventories, equating to 5.5mbbls and marking the first API draw in six weeks. The market awaits results from the EIA, forecasted for release later today at 14:30 GMT. OPEC has released its monthly report, maintaining its current demand growth forecast of 2.25mbbls/d. Further damage has been disclosed following the wave of Ukrainian drone attacks on Russian oil infrastructure, with Rosneft's Ryazan oil refinery, Russia's seventh largest, being set alight. Overall, in the past two days, Ukrainian strikes have damaged facilities accounting for more than 10% of Russia's oil processing capacity. The front and 6-month Brent futures spreads are at \$0.48/bbl and \$3.43/bbl, respectively.

## Crude

Mixed start to Dated, with Apr better offered down to \$0.33/bbl, now lifted at \$0.40/bbl with firmer spreads. With May seeing better support throughout the morning, Apr/May DFL found lows of -\$0.17/bbl, and now trades -\$0.12/bbl as May was bid from \$0.49/bbl to \$0.53/bbl. A quiet start for CFD rolls, although there has continued to be some buy-side interest in May rolls, whilst the 13/3 v 20/3 saw some sell side interest trading \$0.20/bbl. Backend Apr rolls continue to be better supported than prompter rolls, with 15-26/4 v Cal May lifted at \$0.39/bbl.

Dubai opened stronger this morning with Apr BD trading down to lows of -\$0.25/bbl before finding support at -\$0.21/bbl. Chinese were buyers of BD, buying \$0.67/bbl and \$0.68/bbl in Q4 BD. We saw trade house selling of Q3 and Q4 BD, trading at \$0.05/bbl and \$0.51/bbl. Spreads were fairly quiet, but we saw some selling interest in the May/Jun box at -\$0.22/bbl in decent size before trading higher with the post window strength in Brent spreads at -\$0.19/bbl.

The Jun/Dec box traded at -\$0.42/bbl with interest from the buy-side. In Dated/Dubai, we saw buying interest in Apr and May, with the Apr trading at \$0.14/bbl and the May trading at \$0.65/bbl.

## Fuel

A strong morning in HSFO, 380 MOC were well bid in large size which supported barge cracks, with Apr trading from -\$11.55/bbl up to -\$11.10/bbl at the end of the window. 380 E/W were better bid, with Apr buying from \$7.50/mt up to \$8/mt. 380 spreads were strengthened, with Apr/May trading from \$1.25/mt up to \$1.75/mt and May/Jun buying up to \$3.50/mt. We saw deferred barge cracks in Q2 and Q3, with Q2 buying up to -\$10.05/bbl by refiners which lent support on the prompt barge cracks, with Apr trading further up to -\$10.80/bbl. Barge spread were well bid, with Apr/May and May/Jun trading at -\$2.50/mt and \$1.75/mt. 380 cracks rallied, with May trading from -\$10.00/bbl up to -\$9.15/bbl.

A slow start in VLSFO, Chinese were sellers of Sing FP in the early morning, with Jun Sing cracks trading around \$12.45/bbl. 0.5 Sing cracks sold down in the window due to MOC hedging flows, with Apr trading down from \$13.65/bbl down to \$13.50/bbl. Then it rebounded immediately post window, with Apr buying up to \$13.75/bbl. Sing spreads were offered, with Apr/May trading at \$6/mt and May/Jun trading at \$8/mt. European structures were supported, with Apr/May Euro buying at \$7.75/mt and May/Jun implying at \$7.50/mt. We saw the front Euro cracks and Q3 Euro cracks buying, with Apr trading up to \$6.85/bbl and May trading at \$6.15/bbl. 0.5 E/W came under pressure, with Apr implying at \$43.75/mt.

## Distillates

ICE Gasoil spreads strengthened sharply post-window, with the Apr/May spread rallying from \$14.50/mt to \$16/mt and the May/Jun spread stronger at \$11.25/mt into the mid-morning. The cracks similarly rallied after the window, remaining strong after it.

The Apr crack is at \$26.10/bbl, while the Q4 crack is at \$24.15/bbl, with the structure having rallied today. The European jet diffs saw a quiet start to the morning, but the Apr diff is indicated at \$50.50/mt, with the Q2 at \$58.50/mt. HOGOs drifted lower as ICE Gasoil rallied, but are stronger than last night's close. The Apr swap is at 4.50c/gal and the Q4 swap is at 10.90c/gal.

Sing Gasoil spreads weakened into the morning despite ICE Gasoil spreads rallying. The Apr/May spread came off from \$0.59/bbl to \$0.54/bbl before strengthening back to up \$0.62/bbl post-window, while the Bal-Mar/Apr spread saw selling interest at \$0.20/bbl, trading \$0.25/bbl in the window. The E/W curve saw weakness, with selling flow dominating the morning as the Apr E/W traded down from -\$33.50/mt to -\$37/mt where it traded for size, with May also getting sold down to -\$28/mt from -\$26.50/mt. Further down the curve, the Q3 came off from -\$25.50/mt to -\$26/mt, with the structure lower this morning. Regrade traded up into the window before getting hit down on screen. The Apr Regrade traded at -\$1.35/bbl down to -\$1.48/bbl, trading back up to -\$1.40/bbl, while the Q4 was lifted up into the morning at -\$0.45/bbl. Kero spreads saw the prompt Apr/May trade at \$0.65/bbl, while the Jun/Sep spreads traded up from \$1.25/bbl to \$1.28/bbl.

## Gasoline

This morning in Gasoline, we saw FP trade at the end of the morning window equivalent to \$13.30/bbl on a crack basis in Apr 92. MOC this morning was more mixed, however went better bid end-window. Spread activity in 92 remained concentrated in the prompt, with Apr/May and May/Jun seeing offers from phys players up to \$0.74/bbl and \$1.45/bbl respectively. E/W this morning was bid in Apr between -\$9.50/bbl and -\$9.55/bbl, with bid side interest in Q2 E/W coming in. Post-window, deferred cracks saw sell side interest, in Q4 92. 92/MOPJ had buy-side interest in both Apr and Q3 this morning, from refiners.

RBBRs were stronger this morning, ticking up in the window and post, up to \$26.50/bbl end-window and up to \$26.80/bbl post. Arbs saw selling come in at these higher levels, with trade houses offering between 9.80c/gal and 10c/gal. Deferred EBOB cracks saw offer side interest this morning, with Q3 cracks offered at \$17.75/bbl from funds, but flipped to real players with interest to buy Q3 cracks at \$18.25/bbl. We saw little spread activity in EBOB, aside from funds stepping down to sell Apr/May at \$9.50/mt, and the front crack was offered in the window at \$22.80/bbl. Gasnaphs saw early selling interest in Apr at the \$197/mt mark.

## Naphtha

A strong morning in Naphtha where we saw flat price valued at \$693/mt in Apr MOPJ, on a -\$3.80/bbl crack equivalent off the back of a better bid physical window resulting in well bid MOC. Cracks in Europe followed alongside Asian buying with the front crack trading up from -\$6/bbl up to -\$5.50/bbl end window with deferred cracks continuing their uptrend, Q2 at -\$6.55/bbl and Q3 seeing buying at -\$7.75/bbl. MOPJ spreads firmed with Apr/May trading up to a dollar higher than previous close at \$13.50/mt end window and May/Jun seeing buying by trade at \$11.50/mt. Europe spreads lagged behind their Asian counterparts with Apr/May still offered at \$14.25/mt with the front E/W box seeing major buying up to -\$0.75/mt. E/W was well bid with Eastern strength, rallying up to \$16.50/mt in Apr after opening at \$15/mt.

## NGLs

A strong morning on NGLs for internationals. There was very limited DCE flows; FEI structure was bid, however, with May/Jun trading from \$6/mt to \$7/mt pre window. FEI spreads went better bid throughout the morning, Jun/July traded at \$1/mt, July/Aug at -\$2.50/mt while the prompt spread April/May traded up to \$12/mt. It was well-offered at this level; sentiment was that the rally was overdone when a \$11/mt bid got hit by a Sing trade house, and structure softened a touch from here. Pronaps softened on Naphtha strength; FEI/MOPJ traded down to -\$97/mt in April but good buying at this level helped FEI stay supported in the prompt. FEI/CP strengthened further to -\$3/mt in April although CP structure stayed static. In the window a physical's bid got hit at April +\$13.50/mt but this didn't dampen FEI strength in the paper as the Balmo spread traded at \$12/mt post window.

## Global Macro

Slightly higher than expected U.S. inflation data yesterday but NFIB employment data shows more evidence of labour market cooling.

Wholesale prices in Germany fall 0.1% m-o-m and down -3.0% y-o-y. More disinflationary/deflationary forces in Europe. European growth is now considerably weaker than U.S. but this has not been priced into the OIS market, which in turn would drag Euro lower, dollar higher in the coming months.

Strong wage negotiations in Japan, 60 unions average 5.32% rises, market now expecting a hike from BOJ next week to finally end negative rates. Expect Yen strength.